

Sefton Resources, Inc.

("Sefton" or the "Company" and, together with its subsidiaries, the "Group")

Half Year Results for the six months ended 30 June, 2011, Reserve Report Update and Bank Facility Reaffirmed and Extended

Sefton Resources, Inc. (AIM: SER), the independent exploitation and production company with assets in the East Ventura Basin of California and the Forest City Basin of Eastern Kansas, today announces its half-year results for the six months ended 30 June, 2011.

Comparative financial highlights

	30 June, 2011 US\$	30 June, 2010 US\$
Oil & gas revenue	2,028,000	1,934,000
Production and royalty costs	607,000	407,000
General and administrative expense	872,000	680,000
Operating profit	200,000	464,000
Net income	74,000	335,000
Net cash provided by operating activities	205,000	600,000
Earnings per share (fully diluted)	0.0003	0.0026
Realised oil price per barrel of oil ("Bbl")	102.83	70.65
Cash and cash equivalents	919,415	90,681
Capital expenditures	1,274,000	717,000

Operational highlights

- Oil & gas revenue rose by 4.3% helped by a firmer oil price
- Sefton's mid-year Independent Engineering Study showed total Proved Reserves at 3.77 million Bbls, with a PV10 value of US\$136.76 million (approximately £83.9 million), a 24% increase since the year-end
- Competent Persons Report published by Dr. Nafi Onat which placed a PV10 value of US\$100.1 million (approximately £61.4 million) on the East Kansas assets
- Increased PV10 valuation of reserves and resources to US\$236.86 million (approximately £145.3 million)
- Raised equity capital to acquire gas pipeline infrastructure and assets in Kansas
- Initiated testing, repair and activation of two gas pipelines in Kansas to allow early cash flow
- Initiated continuous steam pilot programme at Tapia Canyon field, California
- Commissioned Dr. Farouq Ali to evaluate full steam-flood potential at Tapia Canyon field

- Over the full year reduced debt by US\$1 million from cash flow and extended the bank credit facility maturity to June, 2013
- Implemented a comprehensive IR programme to improve the Company's profile in the investment community
- Strengthened the operational team to manage a growing business, which has increased the cost base, but should be seen as an investment in the future

Commenting today, Jim Ellerton, Executive Chairman said:

"This year has seen the foundations laid for the creation of a growing business at Sefton. Operationally, the Company took a number of significant steps to develop the Group's assets and pursue opportunities to maximise revenues both in the short and the medium term. The Board looks forward to being able to announce the results of Dr Farouq Ali's thermal steam simulation study on the Tapia oil field in California that is expected to be received in October 2011, as well as further evaluation of our Kansas holdings by Dr Nafi Onat. In the upcoming weeks we will be issuing an Operations Update that will include the most current oil production rates in California and the progress of our activities in Kansas to begin gathering and transporting gas and producing and selling oil and gas."

For further information please visit www.seftonresources.com or contact:

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Review for the six months ended 30 June, 2011

Revenue increased in the 2011 period due to increased selling prices (US\$103/Bbl versus US\$71/Bbl). Part of this increase is attributed to favourable local California oil prices which were posted at a 5% premium to NYMEX for the 2011 period, compared to an average posted price of 89% of NYMEX for the first six months of 2010. During the first six months of 2011, oil production decreased approximately 29% as compared to the first six months of 2010, to an average daily production rate of approximately 110 barrels of oil per day ("BOPD"), attributed mainly to the Tapia Canyon field infrastructure repair and well maintenance activities, as well as the cessation of cyclic steaming. During June 2011, oil production increased to 118 BOPD.

Oil and gas production costs also rose 63 % in 2011, primarily due to the implementation of the continuous pilot steam-flood programme in the 2011 period versus the cyclic steam-flood pilot programme in the 2010 period. Certain costs have been expensed in 2011 which were capitalised in 2010. Also contributing to the increase in costs are the above referenced increased Tapia Canyon field infrastructure repair and maintenance activities in 2011.

General and administrative expense also increased in the 2011 period, from US\$680,000 to US\$872,000, an increase of 28%. This increase is primarily due to the cost of strengthening the operational team to manage the business as it grows to the next level; plus the costs of the 2011

investor relations (“IR”) programme which demonstrates the Board’s true commitment to improve communications with shareholders and the investment community (in 2010 Sefton did not have an IR programme), as well as for additional costs incurred for consultants and travel associated with the Company’s growth.

In February 2011 the Group successfully raised approximately US\$2 million through a placing at 1.6p per share and extended senior debt banking facilities for a further year to February 2012. At mid-year, the senior debt facility has been further extended to June 2013. We also undertook to improve our communications with shareholders and the investment community by engaging Dr. Michael Green, a highly experienced analyst and investor relations specialist to improve on this aspect of our programme.

In August, after the period end, Karl F. Arleth was appointed President and Chief Executive Officer. Karl joined the Board as a Non-Executive Director in August 2010, and had previously served as the Group’s Chief Operating Officer between 2001 and 2003. Mr Arleth joined Sefton from Blue River Resources LLC, a Denver-based private oil and gas firm engaged in the acquisition and development of producing properties in the US, where he served as Managing Partner. Mr Arleth has over 30 years of domestic and international oil and gas experience, including 22 years at Amoco/BP.

Jim Ellerton, Sefton’s founder, moved to the role of Executive Chairman to focus on developing the Group’s strategy, identification and evaluation of acquisition opportunities and investor relations.

At the same time, Bill Brand was appointed as a financial consultant to the Company. Bill has held a wide number of senior financial executive positions in the international and domestic US oil and gas industry.

Review of operations

Oil in California

Sefton’s operations in California lie in the Ventura Basin where its wholly-owned subsidiary, TEG Oil & Gas USA, Inc (Colorado) (“TEG USA”), operates both Tapia Canyon, an oil field producing heavy (17°-19° API) oil, and Eureka Canyon field, which produces medium gravity (28° API) oil.

In 2010, Dr. Ali produced an initial report which suggested that steam flooding would potentially result in recoveries for the field in the range of 51% to 78% of the original oil in place (“OOIP”). The OOIP for the Tapia Canyon field is greater than 11 million Bbls with only 2 million Bbls having been produced to date, creating a significant opportunity for full field steam-flood recovery using these thermal stimulation methods. After Dr. Ali’s next report, followed by ongoing steaming and the drilling of additional development wells, we should be able to proceed with optimal development of the Tapia Canyon field.

Continuous steam injection commenced at Tapia Canyon during the month of March, and the initial evidence is positive, albeit too early for it to be conclusive. A central well is being steamed continuously and reservoir pressures have begun to increase, which in turn has increased production. The best example to date has been at Hartje #18 well, where daily production rose by 68% to 27 BOPD, up from 16 BOPD seen earlier in the year.

Gas in Kansas

Sefton's gas interests in Kansas are undertaken through a wholly-owned subsidiary, TEG Mid-Continent, Inc. (Colorado) ("Mid-Continent"). Mid-Continent's assets include gas pipelines and processing facilities, conventional oil and gas leases, and coal bed methane ("CBM") leases that are located in Anderson, Franklin and Leavenworth counties.

Mid-Continent owns three pipelines in Kansas: Vanguard, LAGGS, and Waverly. In Leavenworth County, the Vanguard and LAGGS pipelines total approximately 50 miles and allow for gas gathering and exploitation over an approximately 200 square mile area. Testing and repair work has been undertaken on these lines during the current period and, when completed, these lines will be activated and flow gas into an interstate pipeline system.

First to be activated will be the LAGGS pipeline, which the Group expects to carry gas from both its existing and future wells that are currently shut-in, and from third-party sources. By early April 2011, the initial evaluation of segments of the LAGGS pipeline system had been completed. Strategically, the LAGGS pipeline, the most critical segment of the system, could see the first gas volumes in early 2012 and provide initial revenue to the Group.

On activating the Leavenworth County pipelines (LAGGS and Vanguard); possible and probable reserves are expected to move to the proved developed category. The plan is to eventually join these two pipeline systems together, which will allow the Group to strategically move larger volumes of gas to market and to benefit from multiple regional sources of gas.

In May 2011, Dr. Nafi Onat, of Denver-based Sure Engineering, LLC, published a Competent Persons Report which provided an independent geo-technical review and economic evaluation of the conventional (sandstone, limestone and dolomite) and unconventional CBM prospects in the Group's Kansas exploration projects. Dr. Onat estimated the potential present value (using a 10% discount rate) of the Group's oil and gas resources in Kansas at US\$100.1 million (approximately £61.4 million).

Reserve Report Update

Proved Reserves independently estimated by Reed W. Ferrill & Associates Inc. showed that the Group's proved reserves totalled 3.77 million Bbls at 30 June, 2011. At this date, the net present value of the Group's proved reserves (PV10) was US\$136.76 million (approximately £83.9 million), which represents a 24% improvement on the figure at 31 December 2010. The US\$136.76 million PV10 has been calculated using NYMEX future strip pricing plus a 3.8% premium, with a base price of US\$104.10 per Bbl at 30 June, 2011. The estimated mid-year 2011 proved reserves of 3.77 million Bbls (NYMEX future strip pricing case plus 3.8%) includes proved developed ("PD") reserves of 1.572 million Bbls and proved undeveloped ("PUD") reserves of 2.194 million Bbls.

Bank Facility Reaffirmed and Extended

As of June 30, 2011, the US\$10 million senior debt facility with Bank of the West has been reaffirmed and extended until 1 June, 2013. As part of this review, the borrowing base was re-determined and authorized at US\$6.25 million. The next borrowing base review will be in February 2012. During the six months ended 30 June, 2011 the Company paid US\$600,000 in principal reduction payments from cash flow on this facility. The Company will make additional principal payments totalling US\$250,000 from cash flow between October 2011 and February

2012. Loans made under this revolving credit agreement are secured by mortgages on substantially all of the Group's oil and gas properties. The senior debt facility is available to provide funds for the exploration, development and/or acquisition of oil and gas properties, to refinance existing indebtedness and for working capital and other general corporate purposes.

Chairman's Statement and Outlook

Earlier this month I became the Executive Chairman. I am looking forward to my new role where I will be setting out the future growth path of Sefton as I focus on developing the Group's strategy as well as identifying and evaluating acquisition opportunities. One facet of my new role is in investor relations where I will be working alongside Dr. Michael Green our IR consultant. In the near term, we anticipate a healthy news flow regarding the results of Dr. Farouq Ali's steam simulation study on the Tapia Canyon field in California as well as the further study on our Kansas acreage by Dr. Nafi Onat.

Work continues on the pipelines in Kansas, where the near term target is to start flowing gas which will commence cash flow from these operations. Ahead of that time, the results of Dr. Onat's work, which includes determining a valuation based on the pipeline revenue and also a valuation of the McLouth Formation, a conventional oil and gas sand that we have identified for potential development in Leavenworth County adjacent to our gathering lines, are expected to be announced; which are likely to increase still further the combined PV10 valuation.

Our goals for 2011 were to increase production and reserves in California, activate the assets in Kansas, increase Kansas reserves, reduce debt and improve management. The Board remains optimistic that these goals will be achieved in a timely manner.

John J. Ellerton, Executive Chairman

SEFTON RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

**FOR THE SIX MONTHS ENDED 30 JUNE, 2011 AND 2010, AND THE YEAR ENDED 31
DECEMBER, 2010**

	30 June, 2011 Unaudited US\$	30 June, 2010 Unaudited US\$	31 December, 2010 Audited US\$
Revenue:			
Oil and gas sales	2,027,563	1,934,438	3,851,784
Expenses:			
Royalties	125,948	112,218	229,735
Oil and gas production	481,152	294,679	795,950
Depletion, depreciation and accretion	214,300	230,666	437,079
General and administrative	871,748	680,055	1,444,048
Retirement liability	65,006	63,511	137,266
Share-based compensation	69,773	89,666	116,313
Total costs and expenses	1,827,927	1,470,795	3,160,391
Operating profit	199,636	463,643	691,393
Finance and other income (expense):			
Interest income	-	3,726	3,726
Finance costs	(125,265)	(132,576)	(291,902)
Total other income (expense)	(125,265)	(128,850)	(288,176)
Net income	74,371	334,793	403,217
Net income per share:	0.0003	0.0026	0.0031

SEFTON RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

**FOR THE SIX MONTHS ENDED 30 JUNE, 2011 AND 2010, AND THE YEAR ENDED 31
DECEMBER, 2010**

	30 June, 2011 Unaudited US\$	30 June, 2010 Unaudited US\$	31 December, 2010 Audited US\$
ASSETS			
Non-current assets:			
Intangible exploration assets	2,857,114	2,216,488	2,476,368
Oil and gas properties	16,072,430	15,126,532	15,393,816
Equipment and vehicles	22,503	9,448	3,464
	<u>18,952,047</u>	<u>17,352,468</u>	<u>17,873,648</u>
Current assets:			
Trade and other receivables	735,620	708,110	703,009
Cash and cash equivalents	919,415	90,681	947,865
	<u>1,655,035</u>	<u>798,791</u>	<u>1,650,874</u>
Total assets	<u>20,607,082</u>	<u>18,151,259</u>	<u>19,524,522</u>
LIABILITIES AND EQUITY			
Shareholders' equity:			
Share capital	17,661,490	14,200,977	15,742,795
Retained earnings	(5,715,914)	(5,792,526)	(5,790,285)
	<u>11,945,576</u>	<u>8,408,451</u>	<u>9,952,510</u>
Non-current liabilities:			
Long-term borrowings	5,950,000	466,874	148,005
Retirement benefit obligations	339,260	545,531	306,607
Asset retirement obligation	1,320,407	1,209,231	1,320,407
	<u>7,609,667</u>	<u>2,221,636</u>	<u>1,775,019</u>
Current liabilities:			
Trade and other payables	546,467	532,219	700,126
Current portion of borrowings	505,372	6,988,953	7,096,867
	<u>1,051,839</u>	<u>7,521,172</u>	<u>7,796,993</u>
Total liabilities and equity	<u>20,607,082</u>	<u>18,151,259</u>	<u>19,524,522</u>

SEFTON RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**FOR THE SIX MONTHS ENDED 30 JUNE, 2011 AND THE YEAR ENDED 31
DECEMBER, 2010**

	Common Stock no par value		Accumulated Deficit US\$	Total US\$
	Shares	Amount US\$		
Balances 31 December 2009	117,484,379	13,522,850	(6,193,502)	7,329,348
Stock issued for cash	68,888,080	1,353,294	-	1,353,294
Stock issuance costs	-	(58,716)	-	(58,716)
Stock issued for retirement and other obligations	16,097,000	809,054	-	809,054
Compensation expense related to stock options	-	116,313	-	116,313
Net income	-	-	403,217	403,217
Balances 31 December 2010	202,469,459	15,742,795	(5,790,285)	9,952,510
Stock issued for cash	77,562,500	1,997,124	-	1,997,124
Stock issuance costs	-	(133,202)	-	(133,202)
Stock repurchase	-	(15,000)	-	(15,000)
Compensation expense related to stock options	-	69,773	-	69,773
Net income	-	-	74,371	74,371
Balances 30 June 2011	280,031,959	17,661,490	(5,715,914)	11,945,576

SEFTON RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FOR THE SIX MONTHS ENDED 30 JUNE, 2011 AND 2010, AND THE YEAR ENDED 31
DECEMBER, 2010**

	30 June, 2011 Unaudited US\$	30 June, 2010 Unaudited US\$	31 December, 2010 Audited US\$
Cash flows from operating activities:			
Net income	74,371	334,793	403,217
Adjustments to reconcile net income to net cash provided by operating activities:			
Depletion, depreciation and accretion	214,300	230,666	444,837
Share-based compensation	69,773	89,666	116,313
Changes in operating assets and liabilities:			
(Increase) in trade and other receivables	(32,611)	(27,388)	(49,440)
Increase/ (decrease) in trade and other payables	(121,006)	(28,393)	95,690
Net cash provided by operating activities	204,827	599,344	1,010,617
Cash flows from investing activities:			
Purchase of oil and gas properties and intangible assets	(1,273,660)	(716,884)	(1,443,918)
Purchase of property and equipment	(19,039)	(89,666)	(347)
Net cash used by investing activities	(1,292,699)	(806,550)	(1,444,265)
Cash flows from financing activities:			
Payments on notes payable	(789,500)	-	(210,952)
Proceeds from sale of common shares-net	1,848,922	-	1,294,578
Net cash provided by financing activities	1,059,422	-	1,083,626
Net increase (decrease) in cash and cash equivalents:	(28,450)	(207,206)	649,978
Cash and cash equivalents at beginning of period:	947,865	297,887	297,887
Cash and cash equivalents at end of period:	919,415	90,681	947,865

SEFTON RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. The group adopted IFRS for its Financial Statements for the first time for the year ended 31 December 2010. The Group reported under US GAAP in its previously published Financial Statements for the year ended 31 December 2009.

The rules for first-time adoption of IFRS are set out in IFRS 1, First time adoption of International Financial Reporting Standards. IFRS 1 states that a company should use the same accounting policies in its opening IFRS balance sheet and throughout all periods presented in its first IFRS financial statements. The standard requires these policies to comply with IFRS effective at the reporting date of the first published financial statements (31 December 2010) under IFRS.

2. The financial results for the half-year to 30 June, 2011 and the comparatives to 30 June, 2010 are both unaudited. The financial information for the year to 31 December, 2010 has been extracted from the full audited financial statements. The financial statements can be viewed at www.seftonresources.com.
3. The financial information included in this document has been prepared on a consistent basis and using the same accounting policies as the audited financial statements for the year to 31 December, 2010 and has been approved by the Directors of the Company.
4. There were no dividends paid in the reporting periods.